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# INFORMATION REPORT

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**CONFIDENTIAL**

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SUBJECT Recent Developments in USIA's  
Electrical Industry

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## Soviet Order

1. During the week of 9 January 1950 USIA's Siemens-Schuckert Engerthstrasse plant started work on a priority Soviet order, valued at a total of 7,000,000 to 8,000,000 schillings, for 40,000 three-pole, 25 ampere electric motor safety switches (Motorschutzeinrichtungen) and 20,000, three-pole, 60 ampere switches. USIA is reported to be paying its workers overtime and advancing credit to various small sub-contractors who are supplying parts for this order which is scheduled for completion within one year.\*

## Sales

2. According to Director HINTERMAYER of H. Pittner & Co., Vienna I, Zedlitzgasse 5, the Soviet Military Bank has secretly extended rebates of five percent to his firm, "Elgro" Elektro und Radiohandel G.m.b.H., Vienna II, Castellezgasse 35; Dipl.-Ing. Hitzinger & Co., Vienna I, Annagasse 2; Josef Winkelhofer, Linz; and the Sommer firm on their purchases of electric motors from the USIA-controlled Siemens-Schuckert Engerthstrasse plant.\*\* HINTERMAYER alleges these rebates represent illegal profit for these firms, since the sales receipts record only the original purchase price. Because of USIA's relatively high prices, these firms have found it increasingly difficult to sell these motors, and recently they tried to break their contracts with USIA. Director SHARIKOV of USIA's Electric Industry Administration stopped this move by threatening to report their illegal profits and consequent tax evasions to Austrian Government authorities.
3. Early in January 1950 the Siemens-Schuckert Engerthstrasse plant started selling its electric motors at prices three to four percent below the current price of the non-USIA Nibelungengasse plant. For example, USIA is now selling four-horsepower electric motors for a wholesale price of 926 schillings whereas the non-USIA firm charges 950 schillings for the same product. It is believed that USIA is taking a loss on these sales which will eventually be assumed by the Soviet Military Bank.

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## CENTRAL INTELLIGENCE AGENCY

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1949 Production

4. KOZOREK, technical director of the Siemens Engerthstrasse plant, alleges the 1949 production output of this firm and the USIA-controlled Siemens Siemenstrasse plant totalled 90,000,000 schillings.\*\*\* It has been estimated that the Engerthstrasse plant manufactured about 55,000,000 schillings worth of electrical products during 1949. The non-USIA Nibelungengasse plant and its branches in Western Austria produced 1,500,000 schillings worth of electrical products during 1949.

Personnel

5. Director SHARIKOV of USIA's Electrical Industry Administration is preparing to return to the Soviet Union where he will be assigned to a factory in the vicinity of Moscow.

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[ ] Comment: [ ] effective 1 January 1950  
all Soviet orders are to be submitted to USIA electrical firms in the form  
of contracts by the Soviet Commercial Delegation and that these orders will  
be given priority handling. 25X1

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\*\*\* [ ] Comment: KOZOREK is probably identical with KOCOREK [ ] 25X1

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